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C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 000774

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E.O. 12958: DECL: 03/07/2016
TAGS: PREL EAID ZL EUN USEU BRUSSELS
SUBJECT: U.S. AND EU DISCUSS W. BALKANS

Classified By: Political Officer Vincent Carver for reason 1.5 (b/d).

SUMMARY

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¶11. (C) EUR/SCE Director English met in Brussels March 1 with EU and Austrian Presidency officials to discuss the Western Balkans. EU officials characterized U.S.-EU cooperation on the Balkans as "excellent." English noted how EU accession prospects continue to serve as a major catalyst for reform in the region and urged the EU to increase assistance to the region, particularly to Serbia (once it cooperates fully with ICTY), to help meet SAA requirements aimed at eventual EU membership. Both sides agreed to discuss the timing of their respective responses to Belgrade's continued lack of full cooperation with the ICTY. English noted U.S. expectations that the EU will play the lead role in a post-final status civilian international presence in Kosovo and assured the EU that the U.S. would also continue to play a key role there. English and the EU discussed the need for Kosovar officials to form a new government quickly following the March 1 resignation of PM Kosumi and not lose time needed for standards and decentralization implementation. Both sides agreed to continue to send consistent messages on the Montenegrin independence referendum. English thanked the EU for support for constitutional reform in BiH, noted that the reform package likely would not be "perfect," but would represent a significant step forward from the Dayton Constitution and would help BiH in preparations for eventual EU membership. EU officials urged U.S. support for a regional free trade agreement in the region. English's separate meeting with Heather Grabbe, Rehn advisor on the Balkans, reported septel. See penultimate para for participant list.
END SUMMARY

Kosovo

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¶12. (C) English discussed U.S. thinking on Kosovo and stressed the need for more progress on decentralization, including the protection of minority rights and Serbian Orthodox property issues. Pristina's position that it will begin to implement decentralization once final status is in place is unacceptable. The Austrian Presidency agreed; the Council Secretariat noted that EU Envoy to the Final Status Talks, Stefan Lehne, had clearly argued this point with Pristina. English observed that a new UNSCR will have to address further international supervision for Kosovo to both monitor a status agreement and to provide Pristina needed guidance. He added that a donors' conference for Kosovo will be needed around the time status is determined. While the U.S. will be an active contributor, we also hope the EU will bring significant resources to help secure Kosovo's future. English underscored the expectation that the EU will play the lead role in an international civilian supervisory presence in Kosovo and assured the EU that the U.S. expects to play a strong supportive role as well. All agreed on the desirability of a negotiated status for Kosovo but acknowledged that this might not be possible absent increased realism from Belgrade. Yannis of the Council Secretariat underscored that continued U.S.-EU cooperation on Kosovo is critical and observed that the U.S. was invited and participated in the latest UNMIK Steering Group meeting. Yannis noted that an EU fact-finding mission is currently in Kosovo and likely will be followed in April by a planning team to begin work aimed at a post-final status EU presence in 2007.

¶13. (C) COWEB participants welcomed the breaking news of Kosovar PM Kosumi's March 1 resignation and expressed hope that this would energize the Kosovar Unity Team negotiators. The Council Secretariat and English agreed to urge the Kosvars that they should form a new government quickly and not lose time; the Unity Team should continue work on standards and decentralization.

¶14. (C) Turning to Serbia, English noted the need to advance strategic engagement with Serbia by demonstrating that its Euro-Atlantic integration is on track. In this regard, the EU, English emphasized, could increase its assistance to help Serbia reach its SAA goals. Commission rep Priebe noted the challenge the EU faced in advancing Serbia's case given Serbia's continuing lack of cooperation with the ICTY. He indicated that Enlargement Commissioner Rehn would be guided by the opinion of ICTY prosecutor Carla Del Ponte in determining whether the conditions of "full cooperation" are

being met to allow April's formal SAA negotiating session to go forward. Responding to a question from the Council Secretariat, English noted that the Secretary would have to

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make her decision in May as to whether to certify Serbia's cooperation, and the congressional language had specific requirements that had to be met for that decision. The two sides agreed to discuss the respective actions to coordinate message and timing.

MONTENEGRO

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15. (C) Council Secretariat official Gentilini outlined EU Envoy Lajcak's efforts and the agreement reached between the government and the opposition in Podgorica regarding an independence referendum scheduled for May 21. Gentilini stressed that the EU had suggested but never imposed conditions on the parties and had not prejudged the referendum's outcome so as to help ensure the legitimacy of the referendum. English called the agreement a critical achievement and agreed with the EU on the need to send consistent messages on the referendum and its outcome. EU officials said that, while ministers have not discussed the issue in detail, they doubted any EU member state would recognize Montenegrin independence if the vote falls in the "grey zone" of between fifty and the required fifty-five percent favoring independence. The EU noted that initial reports coming out of Belgrade indicate that the Serbian leadership is satisfied with the referendum modalities. The Commission noted that, while trade aspects of the SAA are already being negotiated with Montenegro and Serbia separately, Montenegrin independence would necessitate a new SAA process for Podgorica and an amended SAA process for Belgrade. The Commission opined that there was not a great possibility that any member state would oppose the revised SAAs (contingent on cooperation with ICTY).

BiH

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16. (C) The Austrian Presidency voiced support for constitutional reform efforts in BiH and noted that Schwarz-Schilling's position will evolve from "High Rep" to "EU Rep" and that a Peace Implementation Council (PIC) Steering Board should re-examine the Bonn powers, but only after the October elections. The Commission said that technical aspects of the SAA negotiations with BiH are going well but that BiH must still meet EU requirements on ICTY cooperation, police reform and education for an SAA to be concluded by the end of 2006. The EU would remind BiH President Tihic of this during his visit to Brussels the week of March 6. English noted DAS DiCarlo was in Sarajevo, in an effort to convince HDZ-BiH President Covic and others to support constitutional reform and observed that, the reform package likely will not be perfect but would improve considerably on the Dayton Constitution and help BiH better prepare itself for EU accession. Commission Rep Priebe said that the EU does not want to make constitutional reform a new condition in the SAA process. English noted that reform would help BiH meet its SAA obligations. He also noted that the PIC Steering Group may consider creating a body that could provide advice on further constitutional reform after the BiH elections in October. English agreed that Schwarz-Schilling should be the last High Rep, adding that the termination of this office would signal to the BiH people that they have full responsibility for running their country. Both the EU and the U.S. agreed on the need to monitor the BiH case against Serbia in the International Court of Justice.

MACEDONIA

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17. (C) The incoming Finnish Presidency portrayed Macedonia as a "success story" of the SAA process, particularly given its meeting the Copenhagen Criteria and its willingness to share its decentralization experience with the Kosovars. Skopje now wants a clear signal regarding a date when EU accession negotiations will begin. Brussels, however, wants Macedonia to focus on SAA implementation, particularly on police, judicial, and electoral reforms and the fight against organized crime and corruption. The Finns also noted that a future FTA could help Macedonia's stagnant economy, that the EU considered Macedonia's name to be a bilateral issue between Skopje and Athens. English briefed on the Adriatic Partnership ministerial held recently in Washington, emphasizing the complementary and reinforcing nature of the NATO and EU processes for countries in the region. He also raised proposed return of the ICTY cases as a potential problem. Both sides agreed on the need to ensure that this issue does not damage internal Macedonian stability.

ALBANIA

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18. (C) Priebe noted that the SAA with Albania would be formally signed soon and that the trade treaty component of the SAA likely would enter into force in July. Then a "long period" of ratification of the SAA would begin. Priebe observed that, while Albania had made much progress over the past several years, it still has a long way to go. He predicted that Tirana will face one of the longest accession periods of any potential member before actually joining the EU.

SAA PROCESS

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19. (C) Priebe characterized the SAA process as a forceful catalyst for reforms in the region and as a way to maintain the countries' perspective for membership in the EU. He noted that each of the countries in the Western Balkans had moved one step closer to accession over the past year, emphasizing that this is evidence of the efficacy of the SAA process. He said that he had recently initialed the SAA with Albania and that the EU hopes to conclude SAA negotiations with SaM (conditioned on full cooperation with ICTY) and BiH by the end of 2006. Priebe noted that Instruments for Pre-Accession (IPAs -- replacing the current CARDS) will align EU financial and technical assistance to the countries with EU political priorities. He observed that, while the EU's financial framework for 2007-13 likely will have 20 percent less in foreign assistance than the Commission had originally requested (NOTE: But possibly a few percentage points higher than the current financial framework budget), EU aid to the Balkans will remain more or less constant. Priebe added that, in light of Kosovo's likely post-status talks needs, however, the EU and other donors will have to assist and suggested that USAID coordinate informally in the coming months with the Commission on future aid programming. He stressed that the EU would fail, "like UNMIK," if it were to assume all responsibility to administer Kosovo while simultaneously trying to engage it in an SAA process. English assured the EU that, while it views the EU as taking the lead role in a civilian international presence in post-status Kosovo, particularly on police and justice issues, the U.S. will play a role as well.

STABILITY PACT, FREE TRADE AGREEMENT

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110. (C) Priebe noted he favors beginning a transition moving the Stability Pact (SP) to regional ownership after the SP's May Regional Table Meeting. He also supported the creation of a modest secretariat to be located in the region. Priebe underscored the desirability of continued support from non-EU players for whatever organization the SP evolves into. Priebe also emphasized the advantages of a regional free trade agreement (FTA) in the region and asked if the U.S. continued to disagree with the proposal. English noted support for the SP but acknowledged that the Administration continues to have reservations about a regional FTA.

PARTICIPANTS

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111. (U) Austrian Presidency:

Thomas Schnoell, Head of Western Balkans Unit, MFA
Karl Ehrlich, Austrian Mission, Brussels

Incoming Finnish Presidency:

Juha Ottman, Director, Balkans Unit, MFA
Mikko Hautala, Finnish Mission, Brussels
Kim Kuivalainen, Finnish Mission, Brussels

Council Secretariat:

Lene Hove, Balkans Policy Unit
Alexandros Yannis, Balkans Policy Unit
Fernando Gentilini, Balkans Policy Unit

Commission:

Reinhard Priebe, Director, Western Balkans
Dirk Lange, Head of Unit
Axel Wallden
Therese Sobieski

U.S.:

Charles English, EUR/SCE
Patricia Manso, USAID, Brussels
Aaron Cathey, USEU/POL
Vincent Carver, USEU/POL

112. (U) EUR/SCE Director English has cleared this message.
GRAY